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C O N F I D E N T I A L STOCKHOLM 000502

SIPDIS

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SUBJECT: EU FEELING ITS WAY AHEAD WITH PAKISTAN

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Classified By: CDA Robert Silverman for reasons 1.4 (B) & (D).

¶1. (C) Summary. Nearly two months after the first EU-Pakistan summit on June 17, the EU is still working to identify counterterrorism and development projects that best suit the EU's capabilities and Pakistan's needs. Swedish MFA Pakistan Desk Officer Majeed Olerud told Poloffs August 7 that the EU's Afghanistan-Pakistan strategy, which the Swedes hope will be approved by mid-October, would address Pakistan's own circumstances separately from their effects on Afghanistan, and will focus on trade facilitation and security cooperation.

--Brussels is still determining the roles that support to courts, civil society, and the police will play in CT cooperation with Pakistan. Islamabad has also been slow to suggest areas for cooperation.

--EU trade policy will shift away from tariff liberalization toward trade facilitation, for instance helping bring Pakistani products up to EU quality standards.

--FM Carl Bildt will attend the 25 August Friends of Democratic Pakistan ministerial in Islamabad and hopes for high-level U.S. participation.

End Summary.

¶2. (C) Olerud characterized EU-Pakistan relations as being in "hibernation" during the nondemocratic reign of President Musharraf but said that they were now nearing maturity. The June meeting had been an "ad hoc" summit and therefore not part of the EU's regular annual rota of high-level meetings. One or two additional ad hoc summits will have to be held and engagement with Pakistan will have to continue to improve before the relationship would be as developed as for example the EU-South Korean one. Olerud noted that progress on the EU-Pakistan relationship was slowed not by active resistance from EU members, but by a lack of knowledge of how best to proceed. Swedish Foreign Minister Carl Bildt is also pushing hard to roll out the EU's new Afghanistan-Pakistan strategy by mid-September with approval in October (reftel). The strategy will try to apply some strategic thinking to Pakistan not only as it affects developments in Afghanistan, but in identifying "niche" opportunities engaging Pakistan as a more developed country with distinct needs. EU members see Pakistan as posing a more direct security threat to them than Afghanistan, but cooperation can only proceed with the engagement and approval of Islamabad.

¶3. (C) He pointed out that Sweden had been a driving force behind some of the summit deliverables such as enhanced trade access and assistance. Pakistan's standing in the EU's General System of Preferences (GSP) for trade would be reviewed, along with that of several other countries. Although Olerud doubted that Islamabad would qualify for GSP-plus status because the EU was not a critical export market, he noted that a large portion of Pakistani exports to the EU--such as bedlinens--were already tariff-free. Trade

assistance would instead focus on facilitating trade in new areas--such as aquaculture--by helping Pakistan bring the phytosanitary conditions in its fishery sector to European standards. Details of the assistance program and next steps toward a free trade association would be set out in the fall. Any enhanced trade regime, however, would have to be accompanied by Pakistani ratification of human rights agreements.

¶4. (C) The EU's fledgling counterterrorism cooperation with Islamabad represents a "shifting of gears" in EU CT policy. Because it is still in the works, Olerud could not give details on how much emphasis the final strategy would place on support to courts, civil society and the lawyers' movement, and police training, or what form this would take. He said that Islamabad had been slow to identify areas where it needed or would accept cooperation.

¶5. (C) Olerud said FM Bildt will represent the EU Presidency at the August 25 Friends of Democratic Pakistan ministerial in Istanbul, and hoped that the U.S. would send a high level official, suggesting that this may prompt Pakistan to have concrete proposals ready for the meeting.

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